



# National and Regional Economic Update

South Carolina BEA  
October 14, 2024



*Laura Dawson Ullrich, PhD*  
*Senior Regional Economist*  
*Research Department*  
*Federal Reserve Bank of Richmond*



**The views and opinions expressed herein are those of the author. They do not represent an official position of the Federal Reserve Bank of Richmond or the Federal Reserve System.**

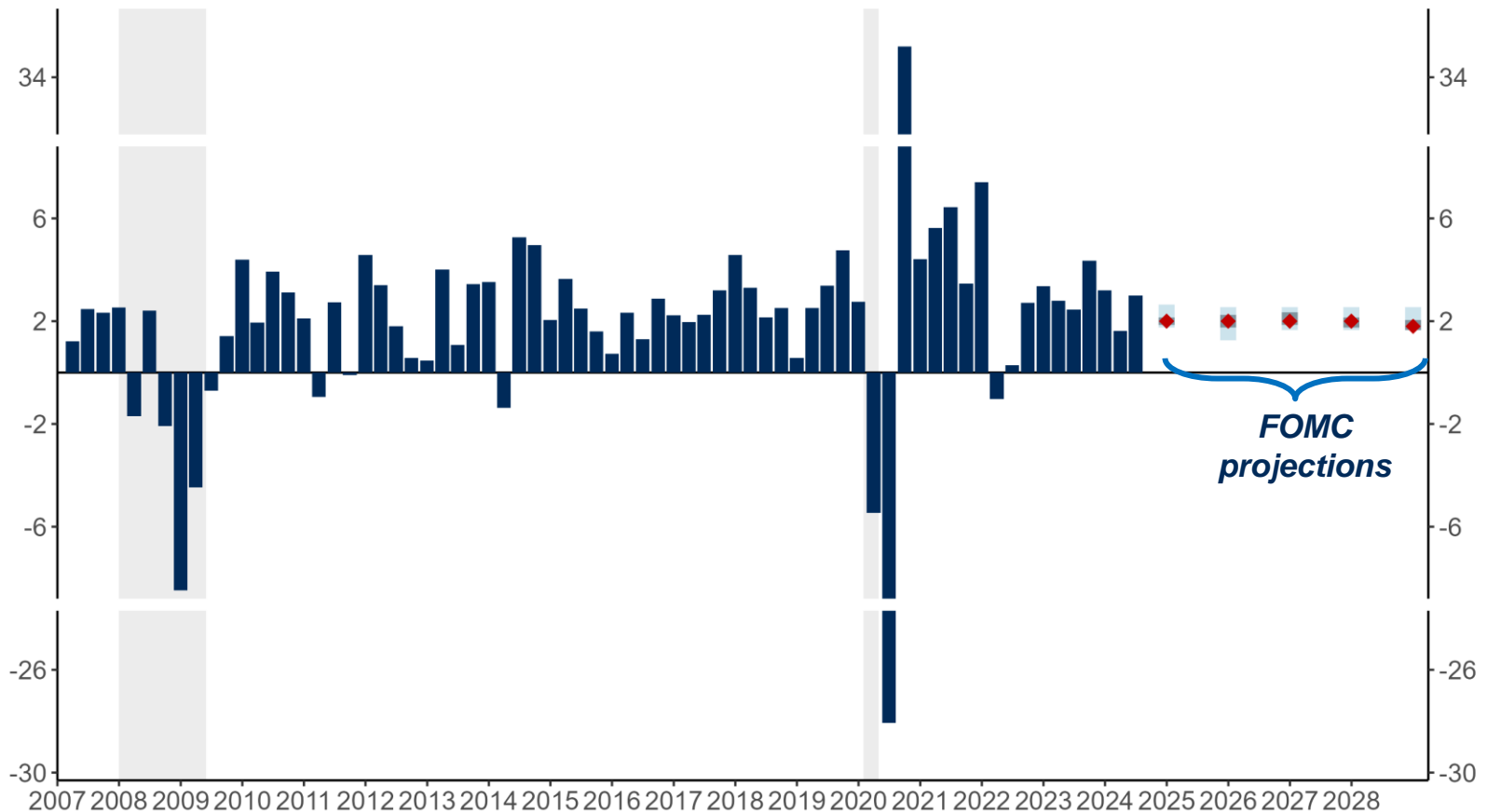
# Where are we now?

- Growth in 2024 started slower than 2023, but consumption remains strong and employment is holding up well in the midst of higher rates
  - Some sectors continue to be hit harder than others
- Economic indicators show slowing in some cases but continued growth in others
  - Fears of recession seem low currently
  - The economy does seem to be experiencing a broad(er) deceleration
- Metro areas, including Charleston and Myrtle Beach are outperforming larger metros and more rural spaces
  - Much of this is industry and geography based
  - The Carolinas continue to be the recipient of incoming talent and jobs
- Inflation remains above the 2 percent average target, but recent reports have been positive
  - Rates were decreased 50 basis points last week
  - The exact path forward remains uncertain

# Q2 GDP growth was estimated to be 2.8%

## Real Gross Domestic Product

Percent change from previous quarter at annual rate

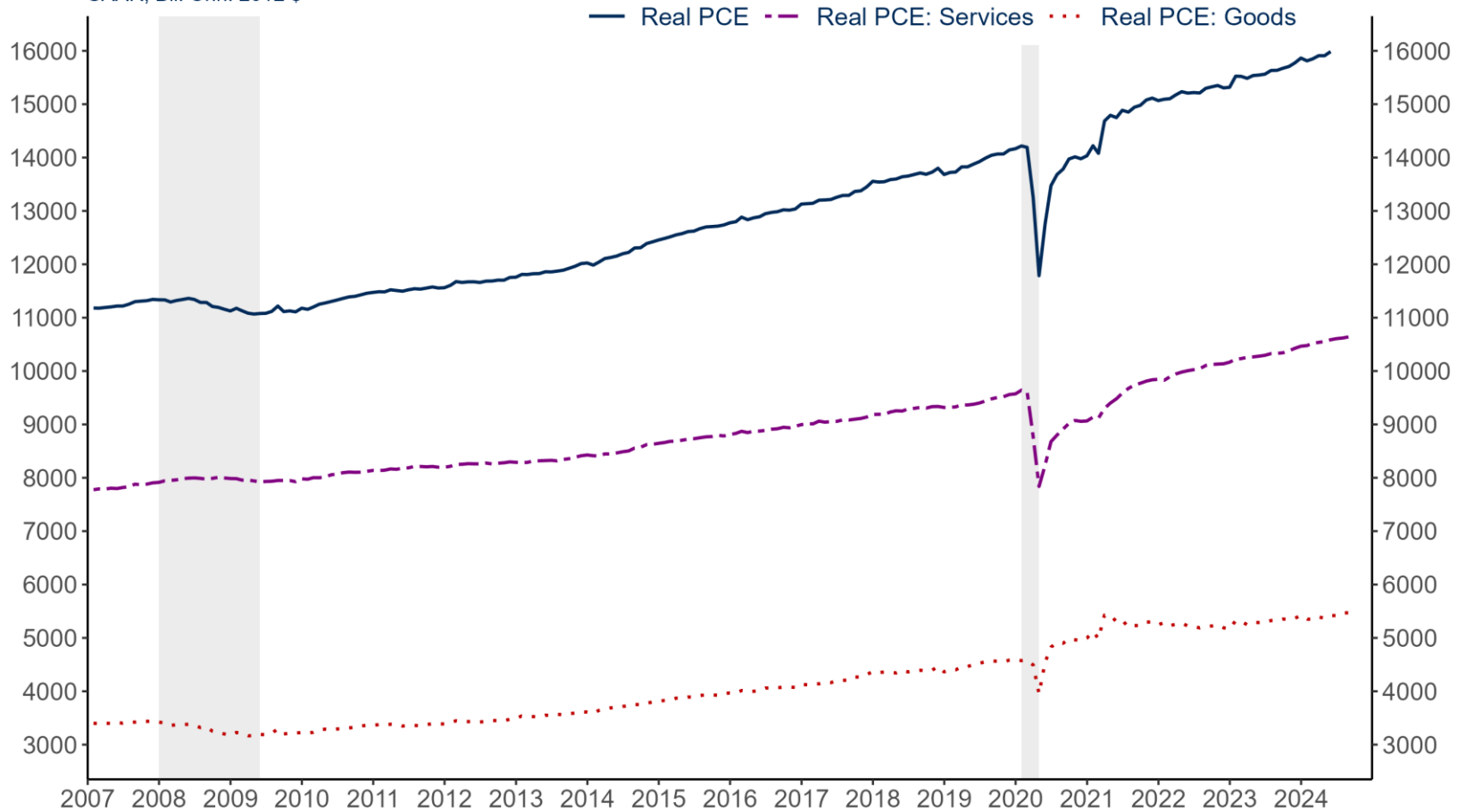


Source: Bureau of Economic Analysis/Haver Analytics, Federal Reserve Board

# Real consumption spending has remained strong, even in the midst of considerable inflation

## Real Personal Consumption Expenditures

SAAR, Bil. Chn. 2012 \$

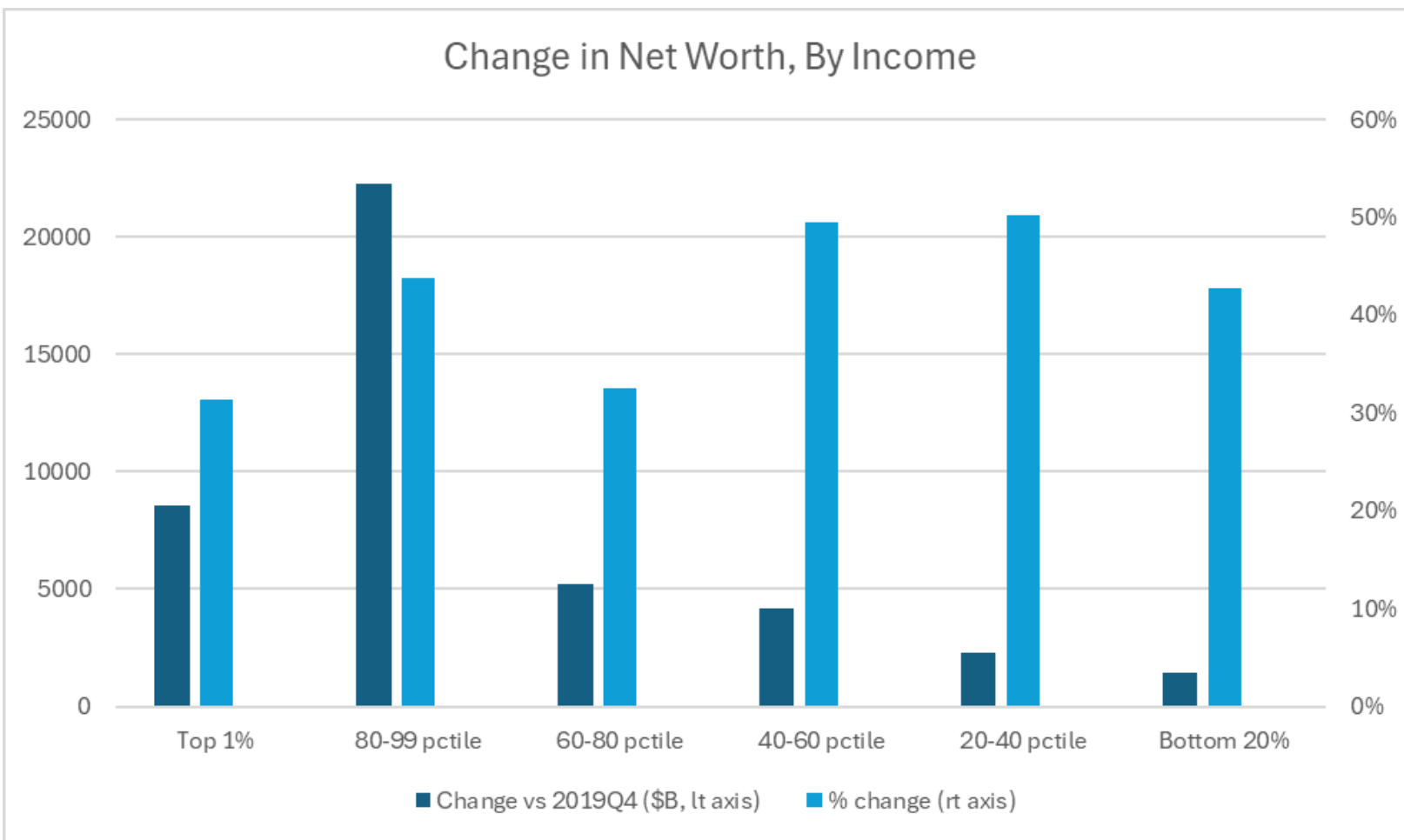


Source: Bureau of Economic Analysis

# Net worths are up across all income groups, in real terms, compared to 2019

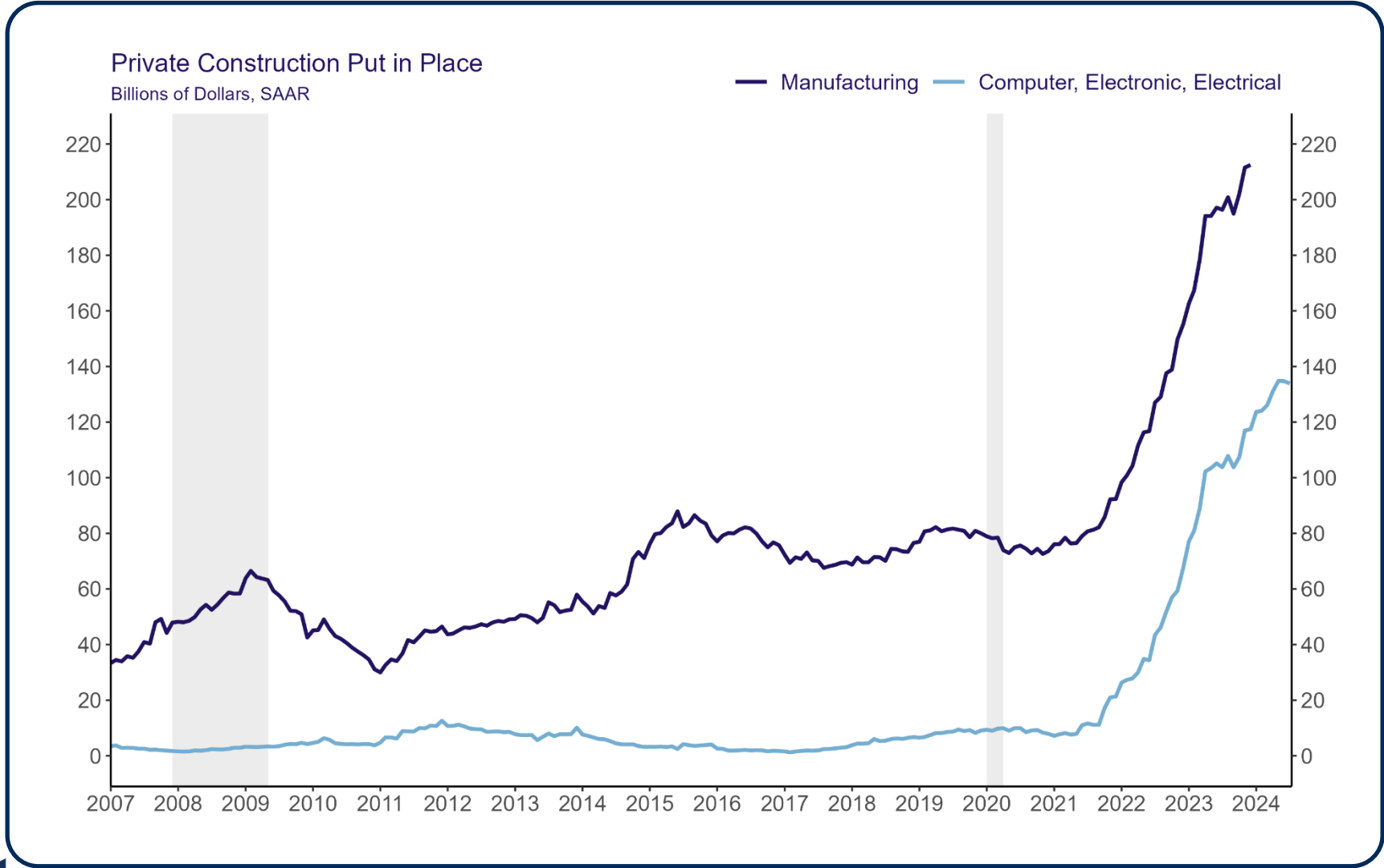


### Change in Net Worth, By Income



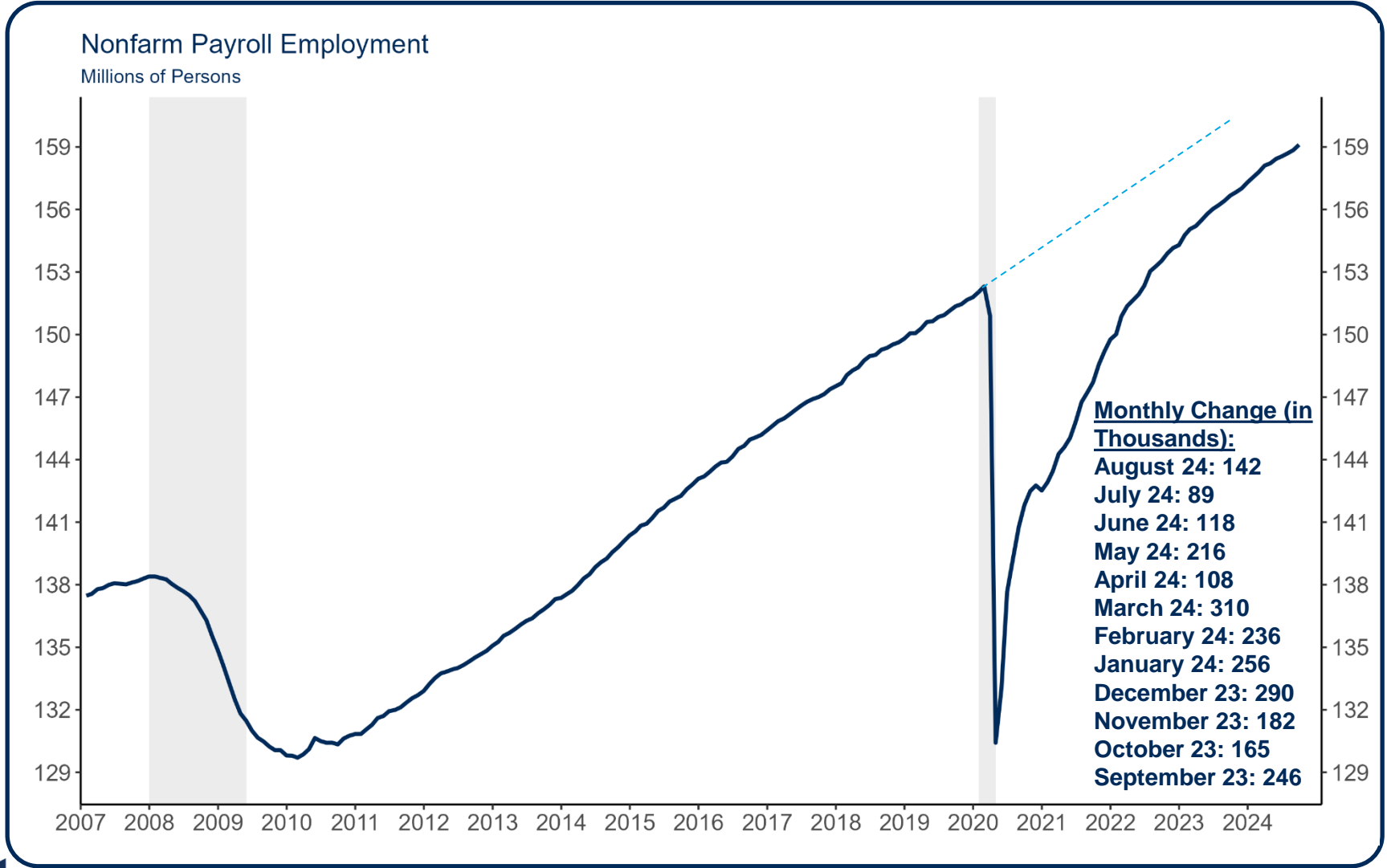
Source: Bureau of Economic Analysis

# Construction spending in manufacturing has seen sharp increases, driven by emerging industries



Source: Census Bureau/Haver Analytics

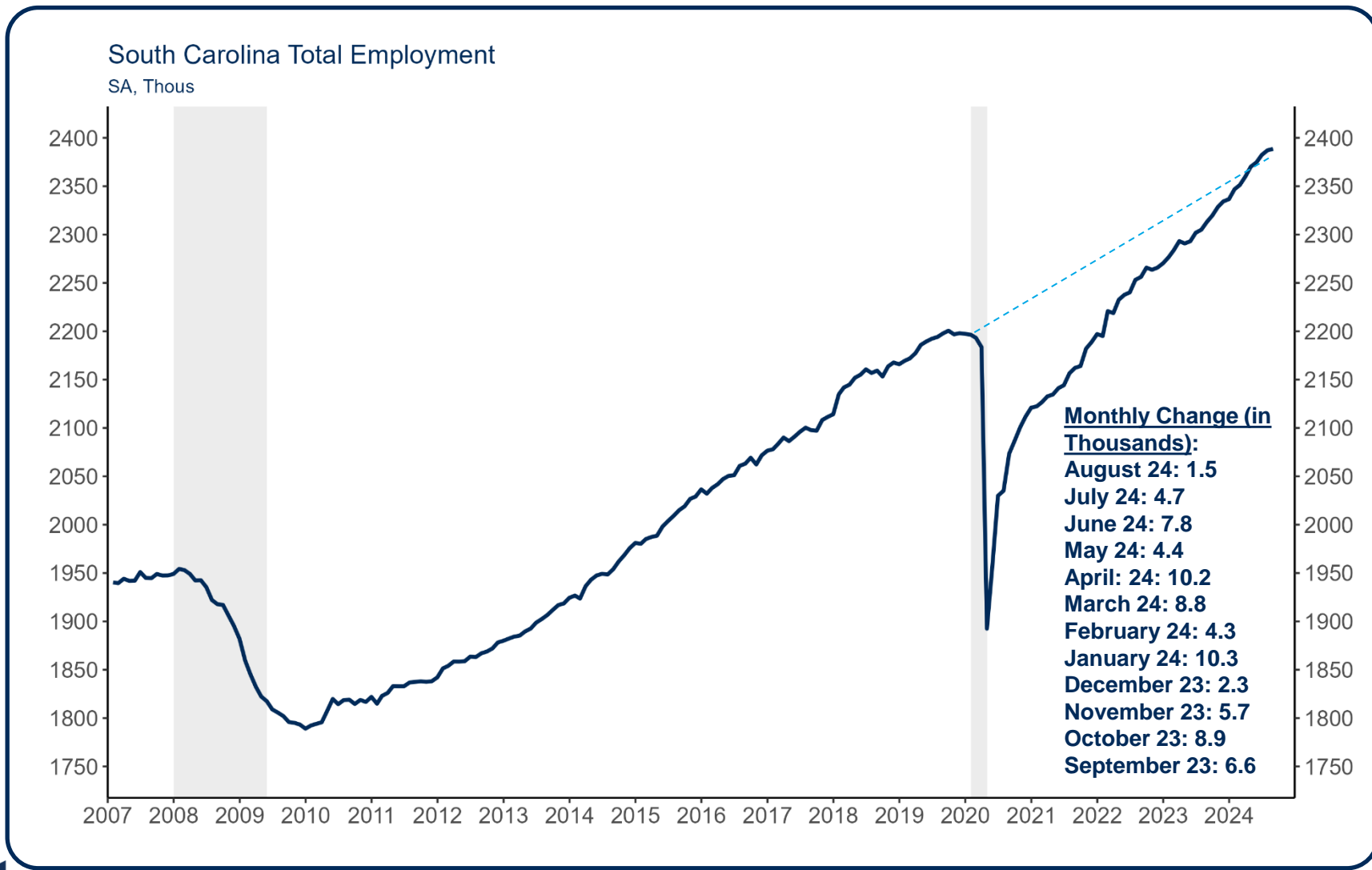
# We are well above pre-COVID levels of employment nationally, but we haven't returned to the pre-COVID trajectory



Source: Bureau of Labor Statistics/Haver Analytics



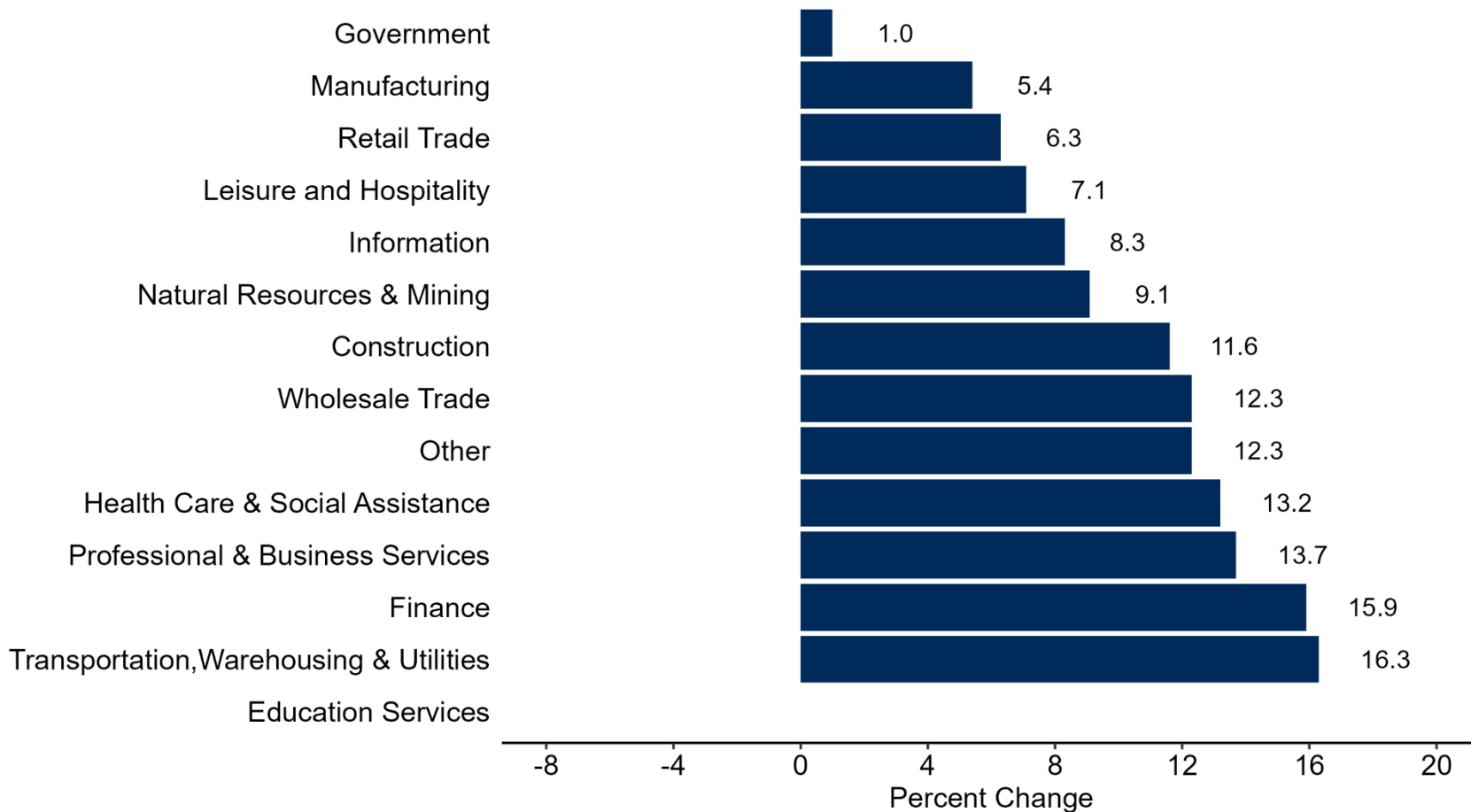
# South Carolina has recovered to pre-COVID expectations



Source: Bureau of Labor Statistics via Haver Analytics

# Employment growth has occurred across a very broad array of economic sectors in SC

## South Carolina Employment Change from February 20 to August 24



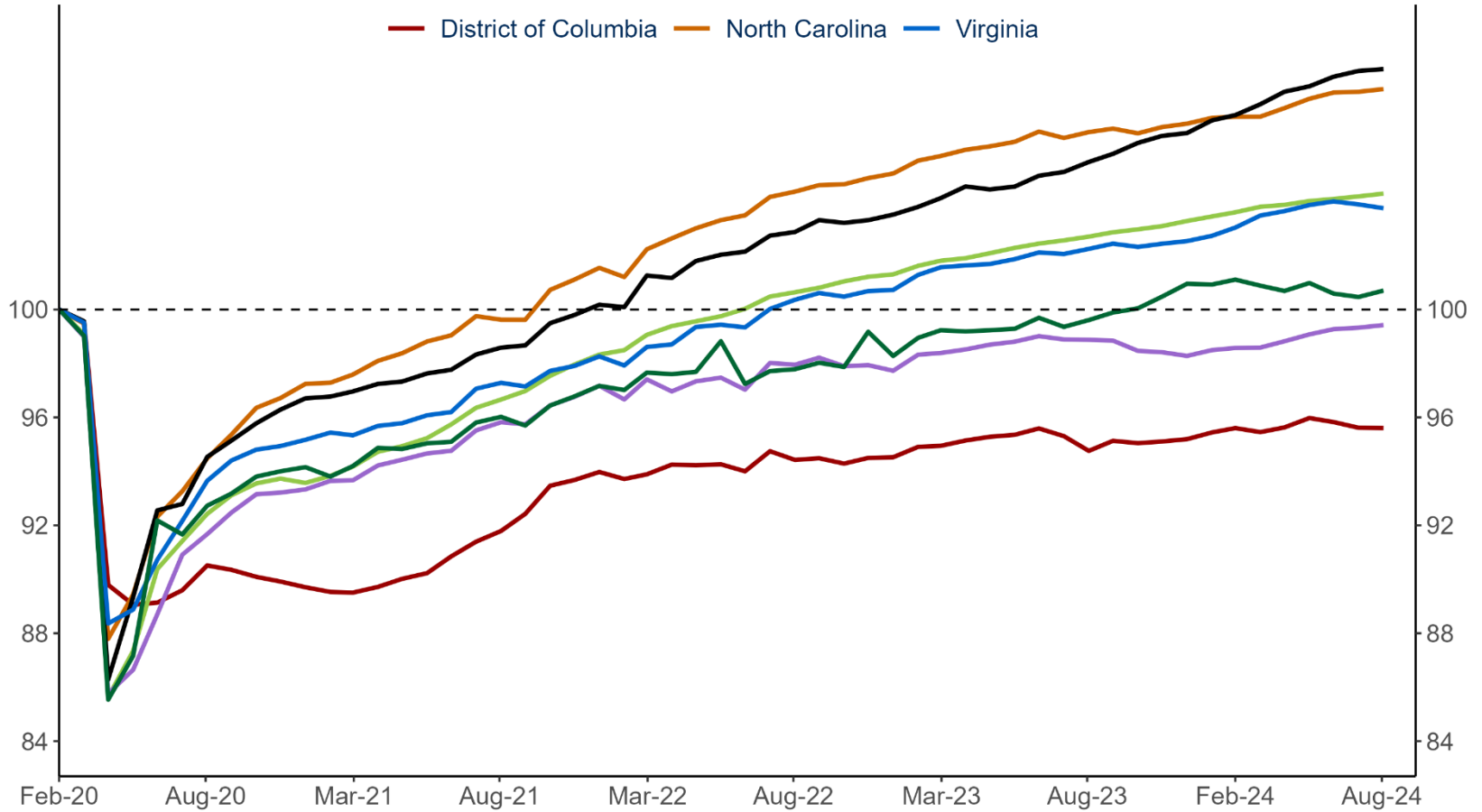
Source: Bureau of Labor Statistics

# The Carolinas are clearly leading the employment recovery in the Fifth District

Total Payroll Employment Index

Index: February 2020 = 100

- United States
- Maryland
- South Carolina
- West Virginia
- District of Columbia
- North Carolina
- Virginia



# The Carolinas have experienced an outsized share of employment growth across the Fifth District

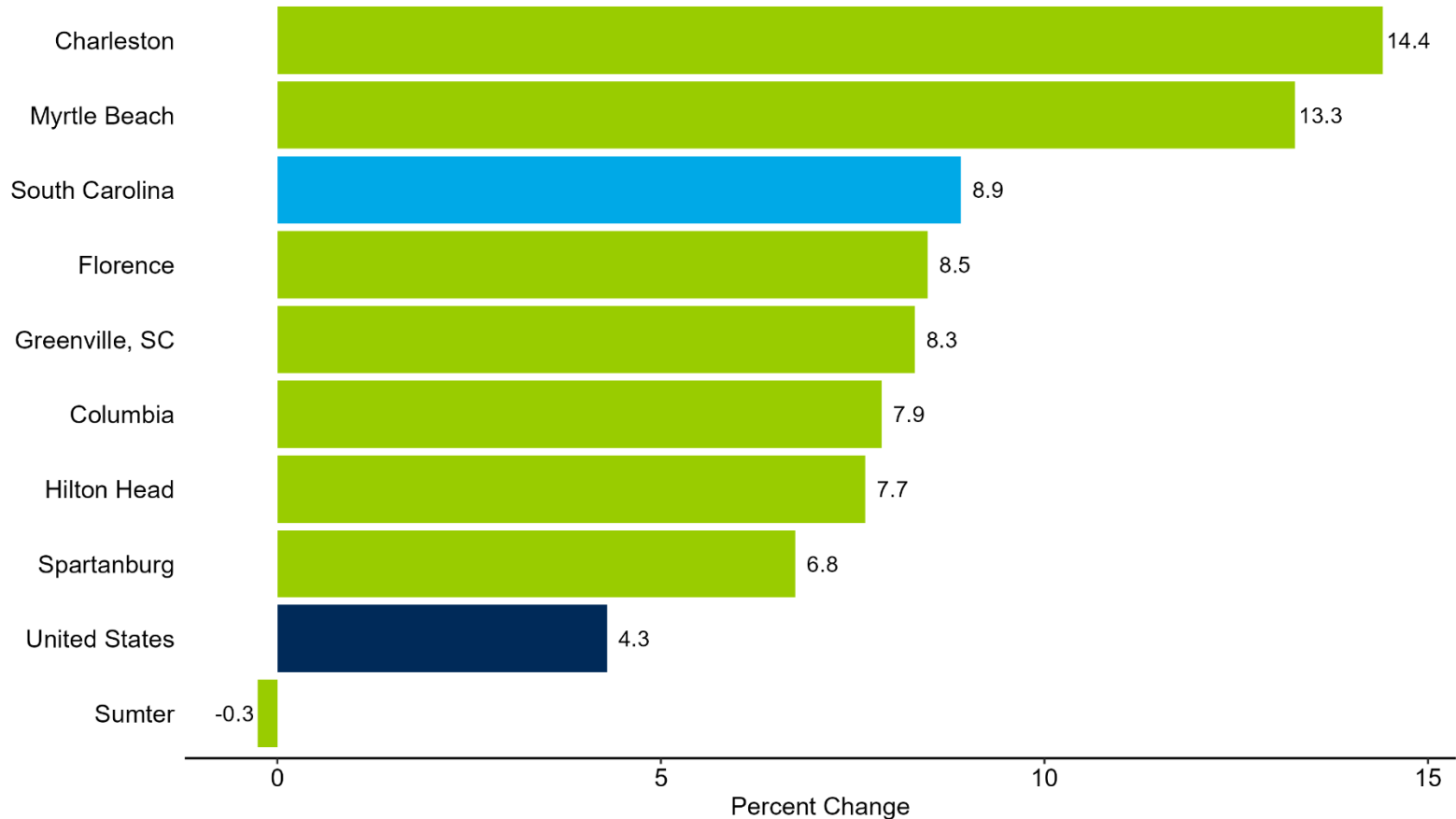
Employment Change from February 2020 to August 2024



Source: Bureau of Labor Statistics

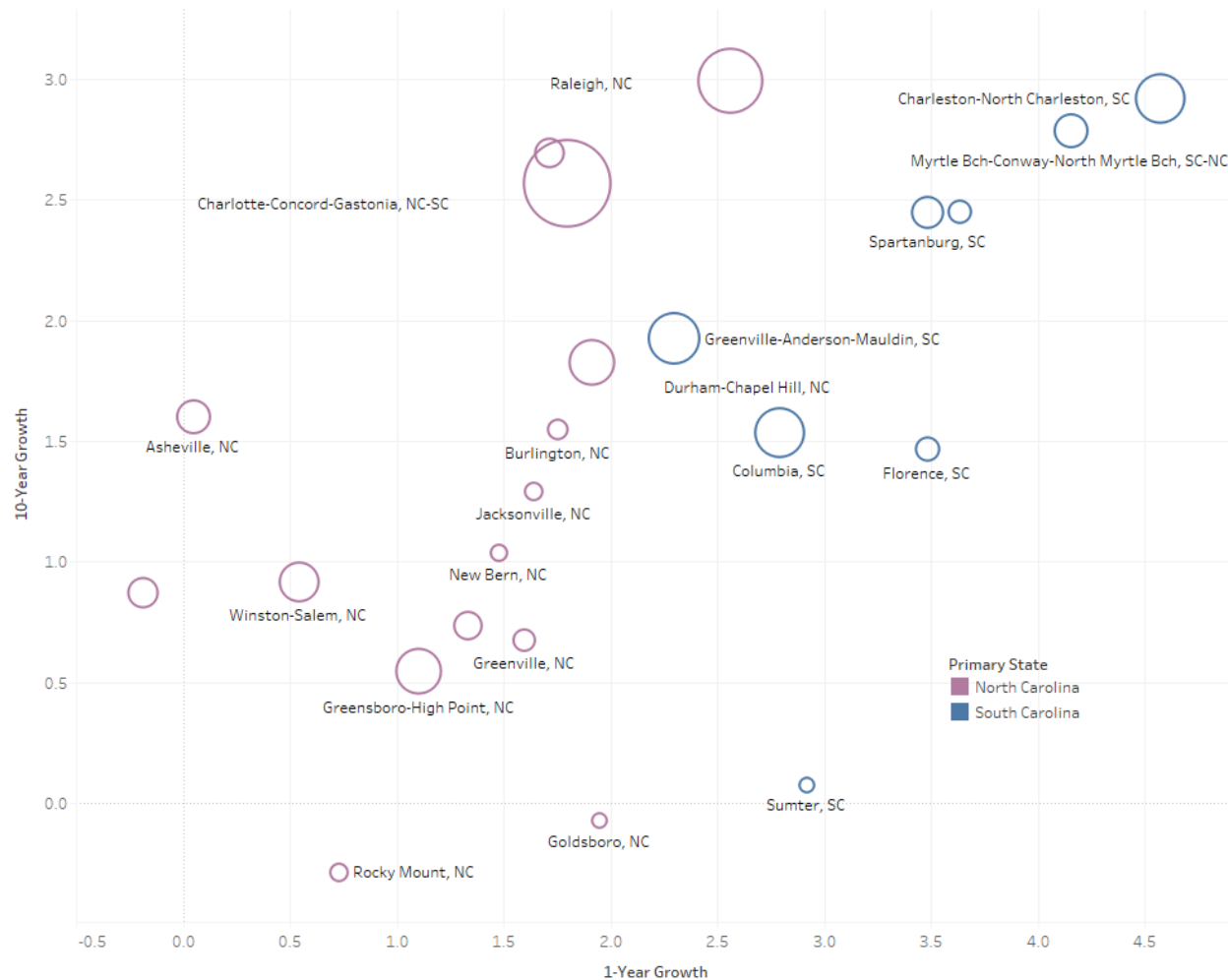
# Charleston and Myrtle Beach are dominant leaders in employment growth

Employment Change from February 2020 to August 2024



Source: Bureau of Labor Statistics/Haver Analytics

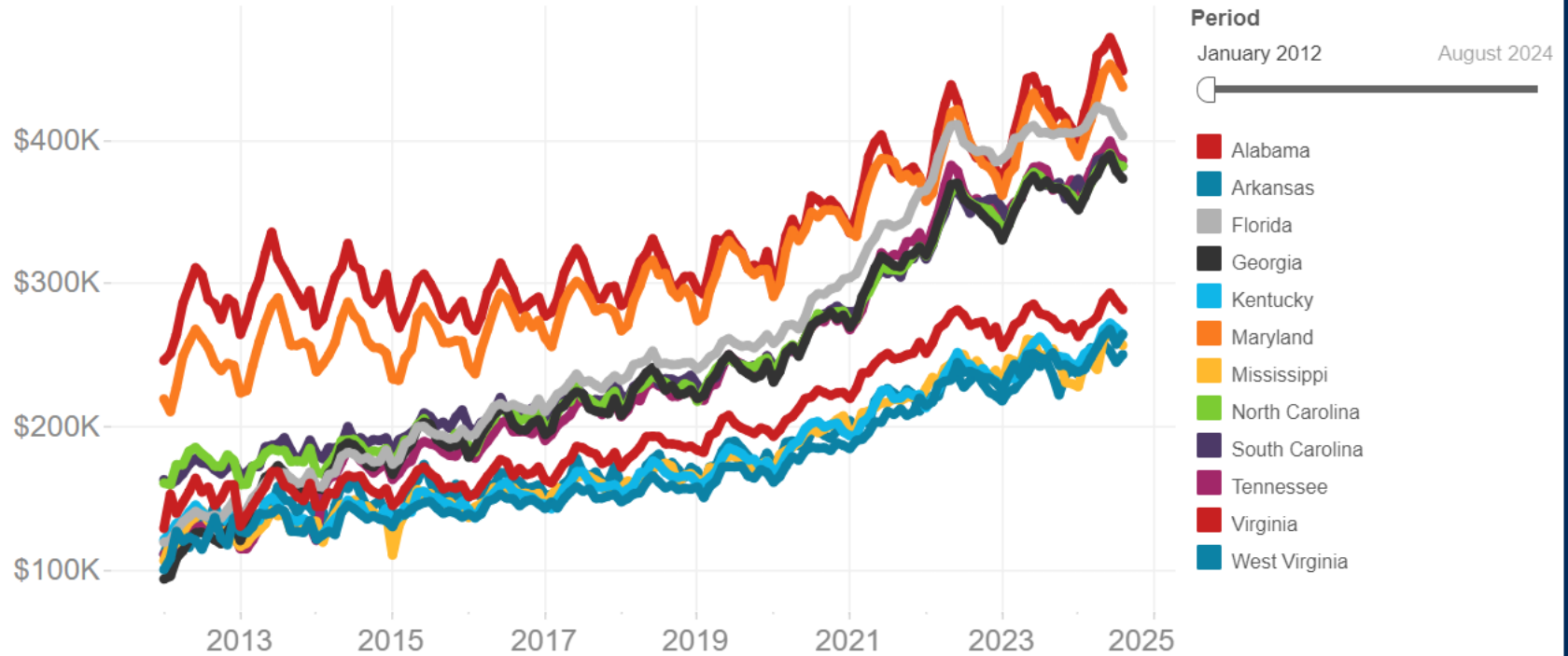
# Employment growth has been impressive across nearly all MSA in the Carolinas, but SC is clearly a recent leader



Source: Bureau of Labor Statistics/Haver Analytics

# Housing has become much more expensive in a subset of Sunbelt states

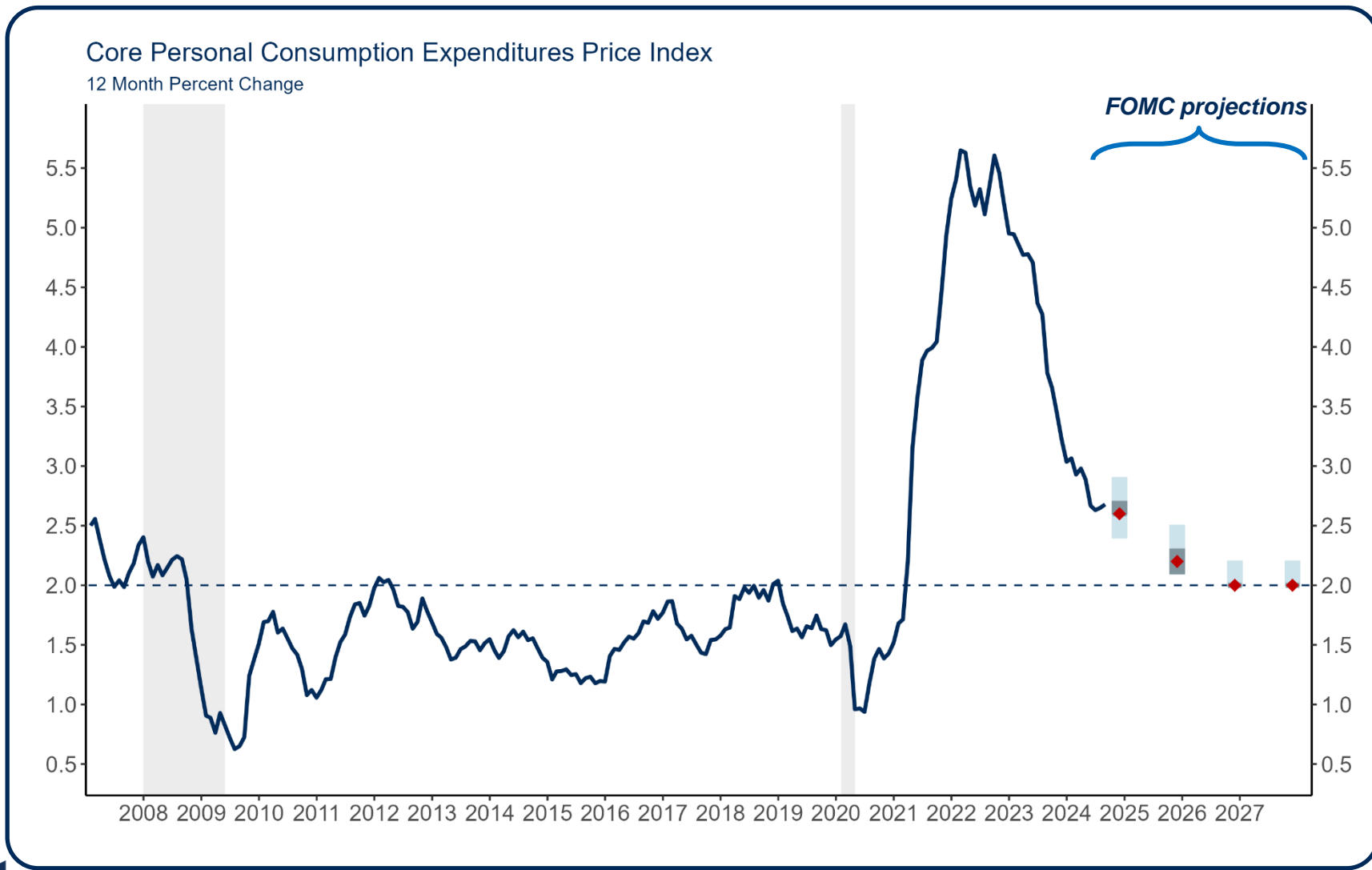
Median Sale Price



REDFIN

Source: Redfin

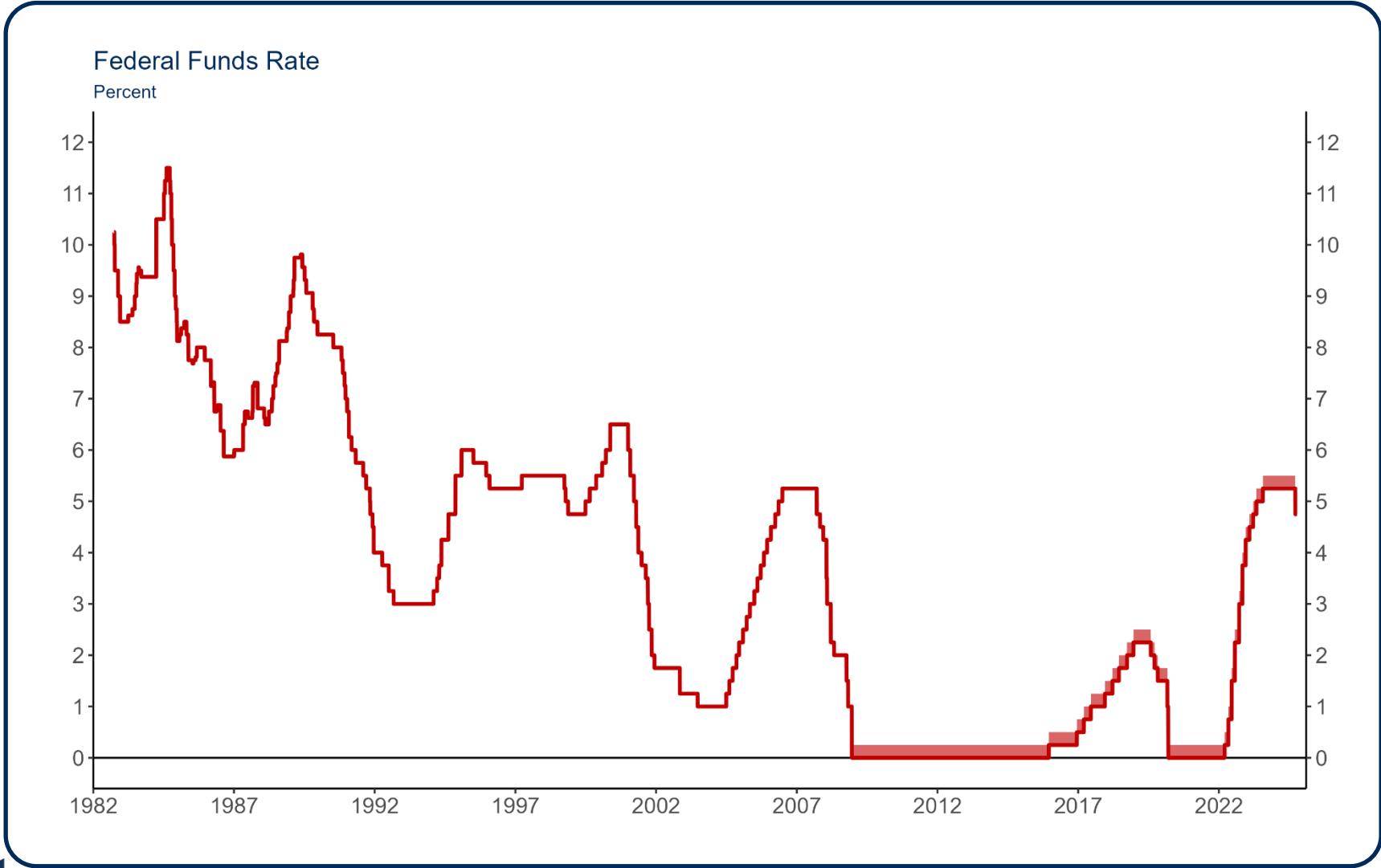
# Core PCE, the Fed's primary measure of inflation, remains elevated above the 2 percent target, but appears to be normalizing quickly



Source: Bureau of Labor Statistics via Haver Analytics

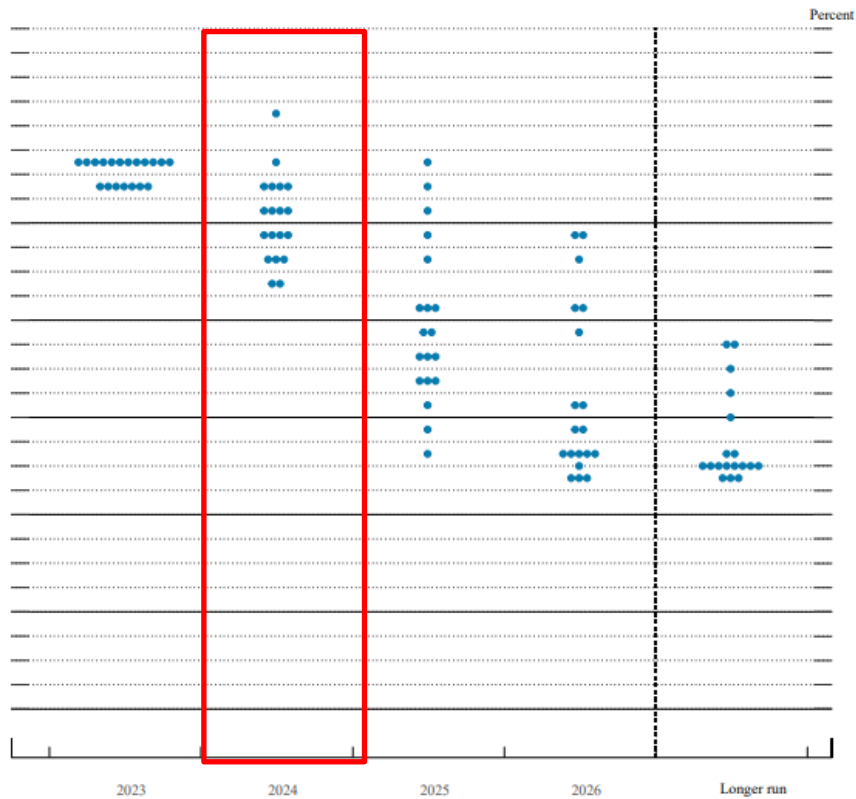


# The first rate cut has finally arrived! What's next?

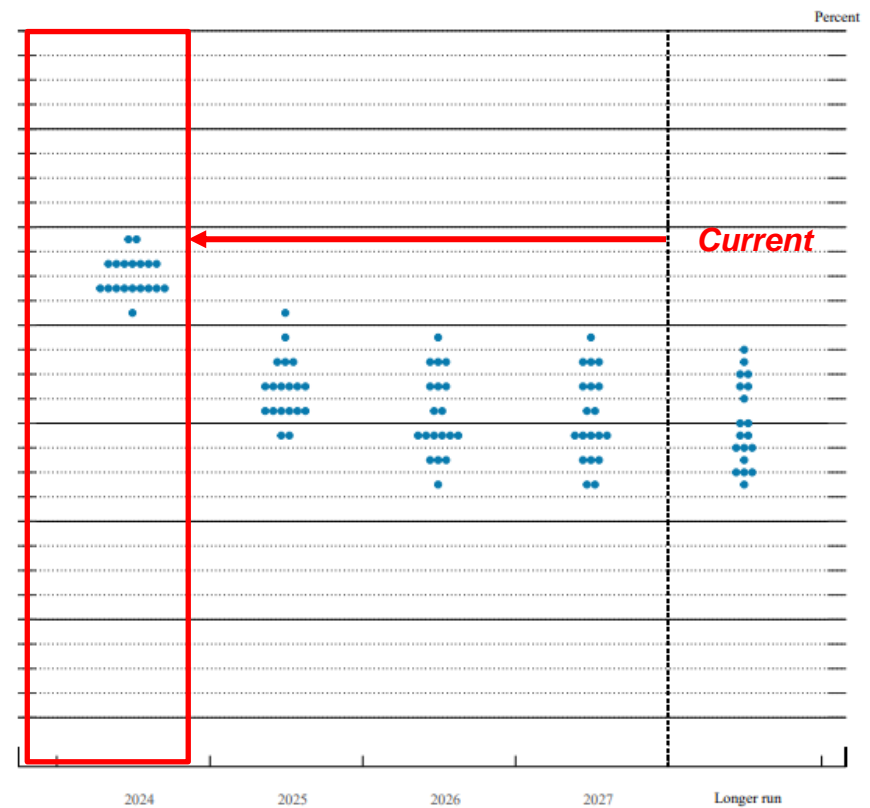


Source: Federal Reserve Board

# Changes in FOMC near term interest rate projections: September 2023 vs September 2024



September 2023



September 2024

# Where do we go from here?

- Growth in 2024 looks promising thus far. There are significant potential speedbumps ahead
  - The election
  - Geo-political issues
  - Inflation that significantly exceeds current policymakers' expectations
  - Government shutdown
- The FOMC has now decreased rates after a period of significant increases. Will we ever see broader economic impacts? Will consumption continue to grow?
  - Will we exit this inflationary period without seeing significant impacts to consumption and employment?
  - Have we indeed found the path to a smooth landing?
  - What will the path of interest rates be over the next 12-18 months?
- There will continue to be winners and losers as we move forward
  - Mid-size metros in the in the Sunbelt look to continue to be 'winners'. Some rural communities will continue to lose population and employment.

*Questions/Comments?*

*Laura.Ullrich@rich.frb.org*